

GENERAL UPDATE

The Board of Directors of Magnus Energy Group Ltd (the "**Company**" and, together with its subsidiaries, the "**Group**") refers to the announcements dated 6 August 2018, 12 October 2018, 12 November 2018, 6 March 2019, 4 April 2019, 28 June 2019, 23 August 2019, 30 September 2019, 31 December 2019 and 31 March 2020 (the "**Previous Announcements**") and wishes to provide a general update on the ongoing affairs of the Group.

Save as otherwise defined, all capitalised terms shall have the same meaning as the Previous Announcements.

GENERAL UPDATE (MARCH – JUNE 2020)

The elevated safe distancing measures announced on 3 April 2020 (the "**Circuit Breaker Measures**") implemented by the Singapore Government to reduce the spread of Covid-19 had meant that many of the Company's progress efforts have had to be temporarily suspended.

HEADS OF AGREEMENT

The Company had entered into a non-binding Heads of Agreement ("**HOA**") dated 10 June 2020 with AREA Energy Inc ("**AEI**") in relation to a possible collaboration between the Company, Oriental EPC Private Limited ("**Oriental EPC**") or a designated subsidiary / entity of Oriental as a joint venture partner of the Company, and AEI (collectively, the "**Parties**") for their respective resources to jointly pursue the Australasian region for engineering, procurement, installation and commissioning type projects (the "**Proposed Collaboration**"). The HOA is subject to the execution of a formal consortium agreement, which is targeted to be executed within 45 days from the date of HOA.

More details can be found in the announcement made by the Company on 11 June 2020 on SGXNET. The Company will keep the shareholders of the Company ("**Shareholders**") updated on any further material developments on the Proposed Collaboration and/or the HOA in compliance with the relevant provisions of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**").

ASSET DISPOSALS

MEG Management Sdn Bhd ("**MMSB**")

Due to the Malaysia Movement Control Order ("**MCO**") which was first imposed on 18 March 2020 and was subsequently subject to further extensions on four (4) separate occasions until 9 June 2020, there has been some delay to the process of shutting down the microalgae plant. This is in addition to the recent announcement by the Malaysia Government that the MCO will enter into a "recovery phase" beginning from 10 June 2020 to 31 August 2020. In respect of the above, the Company is hopeful that the winding down of MMSB can be completed without further ado upon the lifting of the MCO.

In the meantime, there are still civil works to be done to return the plant to the original state to its landowner, and the crane and water tanks will need to be disposed of. The Company is currently negotiating with a number of third-party scrap dealers for the remaining microalgae equipment, namely the water tanks and crane, to be included as part of the deal for the scrap dealers to also perform the necessary civil works to restore the land to its original state as well.

At present, the Company does not see a need for any future impairments to be provided for in the financial statements that were announced for the most recent completed third quarter financial period ended 31 March 2020.

Properties in Queensland (Australia) and Loyang (Singapore)

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

GENERAL UPDATE

The two (2) properties held by the Company's subsidiary, Mid-Continent Equipment Group Pte Ltd, remain in the market for sale. The Company had recently appointed Jones Lang LaSalle ("JLL") to manage the sale of the Loyang property and it understands that JLL has invited some potential buyers to have a look at the property and who are also evaluating the property price. As of now, the Company does not have a firm offer for its Loyang property. There have been no prospective viewers for the property in Queensland as at the date of this announcement.

Notwithstanding the above, Mr. Charles Madhavan ("**Mr. Madhavan**"), the Company's Executive Director and Chief Executive Officer, is of the reasonable opinion that the Group is still able to operate as a going concern and that the working capital available to the Company and the Group is sufficient for the present requirements and for the next 12 months. More information can be found in the Response to SGX Queries announcements dated 25 and 26 June 2020.

The current Board will provide material updates to Shareholders in compliance with the requirements of the relevant Catalist Rules.

UPDATE ON LEGAL DISPUTES ON INDONESIAN CONTRACTOR, PT HANJUNGIN

Due to the travel restrictions imposed because of the ongoing Covid-19 virus, Mr. Rudy Santoso is still unable to make a trip to Kupang at the moment. Mr. Rudy Santoso will update the board and commence on the trip when the Covid-19 situation eases up sufficiently for him to travel.

THAMES CAPITAL

The Company has instructed Eldan Law LLP to connect with various lawyers from London to discuss and assess the best course of action against Thames Capital. The current Board will keep the shareholders updated in the event any lawyers are appointed for any actions to be taken against Thames Capital.

ACCOUNTABILITY AND LEGAL PROCESSES

Writ of Summons

A writ of summons was filed by Eldan Law LLP, on behalf of the Company on 3 March 2020 against its former directors and the former CEO of the Company for, amongst others, breaches of duties owed to the Company. Please refer to the announcement dated 4 March 2020 for further information.

The Company has filed a reply on 12 June 2020 to the former CEO's defense. The Company has also received an update from Tay & Partners (the Company's instructed counsel for service out of jurisdiction for former directors residing outside of Singapore) on their attempts to effect service on Mr. Ong Chin Chuan and Mr. Lim Kuan Yew.

Tay & Partners have confirmed that Mr. Ong Chin Chuan accepted the service of court process personally on 9 June 2020, and that Mr. Lim Kuan Yew accepted the service of court process personally on 15 June 2020.

The Company will continue to keep Shareholders updated about any further material developments in respect of the above matter.

Letter of Demand

On 29 February 2020, the Board received a letter of demand from a Mr. Thong Soon Seng regarding a loan allegedly entered into by former CEO Mr. Luke Ho Khee Yong ("**Mr. Ho**").

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As announced by the Company on 20 March 2020, a police report had been lodged by the Company against Mr. Ho on the same day and the CEO has followed up with the relevant officer in-charge. However there have been no updates from the police side.

Currently, there are no new material updates in respect of the letter of demand. The Company has not received any further correspondence from the other party on this matter. Thus, the Company has not yet made any provisions for the disputed amount.

To the best of the Directors' knowledge, no legal proceedings have been commenced against the Company at this stage.

UPDATE ON MID-CONTINENT EQUIPMENT, INC. (USA) ("MEI")

Operations for MEI have continued as usual despite the onset of Covid-19 in the USA. Accordingly, the Company expects the sales performance for the financial year ending 30 June 2020 to be around the same as the previous financial year ended 30 June 2019. However, moving forward, unless crude oil prices recover, the Company expects a drop in business for MEI as drilling operations globally have slowed. The sale of drilling equipment is usually pre-ordered between six (6) to twelve (12) months ahead. According to MEI's President, Mr. Maung Thein Htike, the amount of pre-orders received for the year 2021 during the period between January 2020 to June 2020 have slowed down in comparison with the amount of pre-orders received for the year 2020 during the period between January 2019 to June 2019 last year.

CORPORATE GOVERNANCE

Internal Audit

The Company is in the process of engaging an independent internal audit firm and will be undergoing an internal audit to, among others, make revisions/updates to the existing operational and financial policies, priorities, and procedures. The Company hopes to put in place a robust set of operational and financial policy and practices with strengthened internal controls and risk management. This includes the delineation of role, responsibilities and coordination of Board and management, and the delegation of authority, management control and override, investment processing, approval and supervision/monitoring.

The Provenance Report would form the basis for the above undertakings. The revisions should align with how the Company can effectively address these lapses and "close gaps" to assure business viability, sustainability and regulatory compliance as well practice good corporate governance.

Cessations and Appointment of Directors

Mr. Christopher O'Connor ("**Mr. O'Connor**") had ceased as an Independent Director ("**ID**") of the Company with effect from 8 May 2020. Following his cessation, he ceased to be the Chairman of the Audit Committee ("**AC**") and a member of the Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") with effect from 8 May 2020. The reason was due to Ministry of Manpower's rejections of Mr. O'Connor's applications on holding secondary directorships. More information can be found in the cessation announcement dated 11 May 2020.

Mr. Farooq Ahmad Mann ("**Mr. Mann**") was appointed as ID of the Company effective 15 June 2020 to replace Mr. O'Connor. Following Mr. Mann's appointment, he was appointed to be the Chairman of the AC and a member of the NC and RC respectively. Details of his appointment can be found on his appointment announcement dated 15 June 2020.

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Mr. Ong Chin Yew (“**Mr. Ong**”) had ceased as the Non-Independent and Non-Executive Director of the Company effective 14 June 2020. Following his cessation, he ceased to be a member of the AC, NC and RC on 14 June 2020. The reason was due to the differences of opinion between Mr. Ong and Mr. Madhavan. More information can be found in the cessation announcement dated 15 June 2020 and the Response to SGX Queries announcements dated 25 and 26 June 2020. The Company is currently searching for a suitable candidate to replace Mr. Ong’s position.

Mr. Anthony Kuek Eng Chye (“**Mr. Kuek**”) had ceased as Independent Director (“**ID**”) of the Company with effect from 24 June 2020. Following his cessation, he ceased to be the Chairman of the Board and Chairman of the NC and RC respectively and a member of the AC with effect from 24 June 2020. More information can be found in the cessation announcement dated 24 June 2020 and the Response to SGX Queries announcements dated 25 and 26 June 2020. The Company is currently searching for a suitable candidate to replace Mr. Kuek’s position.

BY ORDER OF THE BOARD

Magnus Energy Group Ltd.

Charles Madhavan
Executive Director and
Chief Executive Officer
30 June 2020

*This announcement has been prepared by the Company and reviewed by the sponsor, Novus Corporate Finance Pte. Ltd. (the “**Sponsor**”), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.
